

FOR IMMEDIATE RELEASE: July 7, 2016

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NH Insurance Department Issues Update on Proposed Anthem-Cigna Merger

Concord, NH – A team of Insurance Department staff assigned to review and analyze the proposed merger of health insurance companies Anthem and Cigna is awaiting information it has requested from Anthem before it can proceed with requesting a formal public hearing, according to a public report the team filed last week.

Insurance Commissioner Roger Seigny will ultimately decide whether to approve the merger, in a formal review -- authorized by state law -- that is distinct and independent from any review of the merger being done by the federal government or other state regulators across the country. The Commissioner will make his decision after a public hearing during which his staff "analysis team," referenced above and led by Deputy Commissioner Alex Feldvebel, will present a recommendation based on review and evaluation of Anthem's application. At the hearing, the Commissioner will also listen to any potential evidence presented by Anthem or members of the public.

The application comprises a financial review of the merger as well as a look at the potential competitive effect it would have on the state's health insurance marketplace. State law dictates that the Insurance Commissioner "shall approve" a proposed merger unless he or she finds, after a public hearing, that the merger would create one or more of six specified conditions deemed harmful to the public or to the state's insurance markets:

1. Inability to satisfy insurance licensing requirements
2. Substantial lessening of competition in insurance in the state or tendency to create a monopoly
3. Financial condition that might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders
4. Material changes in business or corporate structure that are unfair and unreasonable to policyholders of the insurer and not in the public interest
5. Lack of competence, experience, and/or integrity of those persons controlling the operation of the insurer
6. Other likelihood of hazard or prejudice to the insurance-buying public

In its status report, the analysis team states that it intends to request a public hearing, and to present evidence about the effects of the merger on New Hampshire health insurance consumers. The team states it is currently gathering information from Anthem and Cigna, as well as from other sources. Several months ago, the team requested more information and clarification from Anthem, according to the report.

"To date, Anthem has made preliminary, and incomplete, responses to the Department's Information Request," the analysis team's report states. "Accordingly, the statutory review timelines ... are presently stayed, which is why the Analysis Team has not yet filed a request for a public hearing."

The team also states in its report that it will attempt to make public some or all of the portion of Anthem's application that looks at the effect a merger would have on the state's health insurance marketplace.

To read the full status report issued June 30 by the analysis team:

http://www.nh.gov/insurance/legal/documents/anth-cigna_2nd_status_rpt.pdf

To view all publicly available information on the proposed merger, including non-confidential parts of Anthem's application, previous status reports, and public comment:

http://www.nh.gov/insurance/legal/anthem_cigna_merger.htm

The Insurance Department is still accepting public comments. Emailed comments should be sent to Requests@ins.nh.gov. Written comments should be mailed to the New Hampshire Insurance Department, 21 South Fruit Street, Suite 14, Concord, NH, 03301, with "ATTN: ANTHEM-CIGNA MERGER."

Under federal anti-trust laws, approval by the U.S. Department of Justice is also required for the merger to take place. Review by the U.S. Department of Justice is ongoing but is expected to be completed by the end of the summer. The New Hampshire Attorney General's Office has jurisdiction to enforce state and federal anti-trust law and is participating in the anti-trust review along with many other states. The review by the U.S. Department of Justice and the Attorney General's Office is separate and distinct from the Insurance Department's review.

The New Hampshire Insurance Department's mission is to promote and protect the public good by ensuring the existence of a safe and competitive insurance marketplace through the development and enforcement of the insurance laws of the State of New Hampshire. For more information, visit www.nh.gov/insurance.

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